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## EEOC v. Ethan Allen Inc.

Judge Kathleen M. O'Malley

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## EEOC v. Ethan Allen Inc.

### Keywords

EEOC, Ethan Allen Inc., 1:99CV2329, Consent Decree, Disparate Treatment, Retaliation, Hostile Work Environment, Sexual Harassment, Sex, Female, Retail, Title VII, Employment Law

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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

EQUAL EMPLOYMENT OPPORTUNITY	)	CIVIL ACTION NO. 1:99 CV 2329
COMMISSION,	)	
	)	
Plaintiff,	)	JUDGE O'MALLEY
	)	
v.	)	MAGISTRATE JUDGE
	)	PERELMAN
	)	
ETHAN ALLEN INC.,	)	
	)	CONSENT DECREE
Defendant.	)	

The Equal Employment Opportunity Commission (the "Commission"), an agency of the United States government, filed this action, alleging violations of Title VII of the Civil Rights Act of 1964 ("Title VII") and Title I of the Civil Rights Act of 1991 ("1991 CRA"). In its Complaint, the Commission alleged that Ethan Allen Inc. (the "Defendant"), violated the statutes by retaliating against Tracy L. Mora (formerly Horvath) and Wendy A. Sporcich (formerly Brej) due to their protected opposition activity. The Commission alleged that Defendant gave Horvath a negative performance evaluation, demoted and transferred her to another facility and gave Brej a lower performance evaluation and

denied her a promotion, in retaliation for their complaints about sexual harassment and they suffered resulting damages.

The Defendant was served with a Summons and a copy of the Commission's Complaint filed in this matter, filed an Answer and for purposes of this Consent Decree only, admits the jurisdiction of this Court over the subject matter of this action.

The Commission and Defendant have conferred and resolved their differences and have advised this Court that they desire to resolve the instant controversy without the burden, expense and delay of further litigation. Defendant represents, and the Commission confirms, that all monetary claims for Mora and Sporcich, the individuals for whom relief is sought in the Commission's Complaint, have been resolved to the satisfaction of Mora and Sporcich and that copies of the checks delivered to Mora and Sporcich in satisfaction of their monetary claims have been delivered to the Commission.

Now, therefore, without trial or adjudication of any issue of fact or law raised by the Commission's Complaint, it is the finding of this Court that: (1) this Court has jurisdiction over the parties and the subject matter of this action pursuant to 28 U.S.C. Sections 451, 1331, 1337, 1343, and 1345; and (2) the provisions of Title VII and of the 1991 CRA will be carried out by the implementation of this Decree and this Decree is entered into pursuant to Title VII and the 1991 CRA.

It is therefore DECREED as follows:

1. The term of this Decree shall be two (2) years.
2. During the term of this Decree, the Commission may review compliance with this Decree. As a part of its review, the Commission may require written

position statements relevant to compliance and may at all reasonable times, inspect Defendant's place(s) of business and have access to, for the purposes of examination, and the right to copy, any evidence relevant to compliance with this Decree, and to interview witnesses regarding compliance.

3. Defendant, its officers, agents, employees, successors, assigns and all others in active concert with it, will continue its policy not to retaliate against any employee or former employee for their opposition activity or their participation in any proceeding under Title VII.

4. All terms and conditions of employment shall be maintained and conducted by Defendant in a manner which does not discriminate in violation of Title VII.

5. Nothing in this Decree shall preclude the Commission from bringing suit to enforce the terms of the Decree; nor shall this Decree preclude future action by the Commission or persons other than Mora and Sporcich to remedy any other alleged violations of Title VII by Defendant.

6. This Decree, being entered with the consent of the Equal Employment Opportunity Commission and the Defendant, shall not constitute an adjudication or finding on the merits of this case nor shall it be deemed an admission by Defendant of any violation of Title VII or the 1991 CRA. Defendant expressly denies any violation of Title VII or the 1991 CRA.

7. Defendants will limit their references, whether oral or written, to potential employers of Tracy L. Mora (formerly Horvath) and Wendy A. Sporcich (formerly Brej) to the following neutral reference information; dates of employment, last position held

and final compensation paid. Any requests for references will be directed to the Human Resources Department at Defendant's corporate headquarters in Danbury, Connecticut.

8. Defendant shall post and keep posted, during the term of this Decree, in conspicuous places in its greater Cleveland facilities (Woodmere, Mentor, North Olmsted and Strongsville, Ohio stores), where notices to employees or applicants are customarily posted, Attachments A (Notice to All Employees) and B (EEOC's "Facts About Sexual Harassment" flier with "Questions and Answers About Sexual Harassment").

9. Within ninety (90) days of the entry of this Decree, Defendant will meet with all its greater Cleveland employees, to distribute copies of Attachments A and B to each employee.

Defendant's official Charles Farfaglia, will, at the meeting(s) above described, personally state that retaliation or reprisal against victims and witnesses of sexual harassment, is against the law, that he and Ethan Allen will not tolerate any type of retaliation or reprisal and that violation of this no-retaliation rule will result in discipline, which may include the discharge of the offender.

Each employee will be required to sign a receipt (Attachment C) that he or she has received copies of Attachments A and B.

Persons who become employed by Defendant in its greater Cleveland facilities after the completion of the meeting above and during the term of this Decree, shall be given and shall have explained to them, Defendant's written anti-retaliation rule (Attachment D) at their time of hire and shall sign a receipt (containing substantially the same information as in Attachment C) at that time.

As a further part of this rule against retaliation, all supervisors and managers of Defendant Ethan Allen's greater Cleveland facilities, shall, within ninety (90) days of the entry of this Decree, attend a training session on the issue of retaliation, including retaliation against victims and witnesses to sexual harassment, with an agenda and from a sponsor or presenter, acceptable to the Commission.

As a further part of this rule against retaliation, Ethan Allen shall, within ninety (90) days of the entry of this Decree, implement a policy and a procedure such that all employment actions, including without limitation, promotions, demotions, raises, rewards, transfers, appraisals, denials of promotions or the like, regarding persons who have complained about or provided information about, sexual harassment, are reviewed by Ethan Allen corporate headquarters staff to assure that such actions are not retaliatory.

10. Defendant will report in writing to the Cleveland Regional Attorney, Equal Employment Opportunity Commission, Suite 850, Tower City - Skylight Office Tower, 1660 West Second Street, Cleveland, Ohio 44113-1412 when the undertakings outlined in paragraphs eight (8) and nine (9) of this Decree have been completed. The report will describe the manner in which the undertakings were carried out, including the employees' signed receipts (containing substantially the same information as in Attachment C) for the "Facts" flier, together with a listing of the dates, locations and sign-in lists for the manager/supervisor training session(s) described above. This report shall be submitted not later than one hundred twenty (120) days from the date of this Decree.

11. Defendant shall, during the term of this Decree, submit to Plaintiff semi-annual reports listing the name, address, social security number, home phone number,

gender and job title, for each person employed by Defendant in its greater Cleveland facilities during the reporting period and will include new employees' signed receipts (containing substantially the same information as in Attachment C).

The first semi-annual report is due six (6) months and thirty (30) days after the date of this decree, and thereafter reports are due every six (6) months covering the term of this Decree.

12. This Court shall retain jurisdiction of this case for purposes of compliance with this Decree and entry of such further orders as may be necessary or proper to effectuate the purposes of this Decree.

13. Each party to this action shall bear its own costs and fees, including bearing its own attorneys fees.

IT IS SO ORDERED THIS 29<sup>th</sup> day of April, 2003.

  
United States District Court Judge



## **ATTACHMENT A**

### **NOTICE TO ALL EMPLOYEES**

This notice to all employees is being posted by Ethan Allen Inc. with the approval of the Equal Employment Opportunity Commission .

Federal law requires that there be no discrimination or retaliation against any employee or former employee because of the employee's being a victim of or a witness to, sexual harassment.

It is the policy of Ethan Allen Inc. to maintain a working environment free of a sexually hostile work environment. A sexually hostile work environment, including sexual harassment, is expressly prohibited. All incidents of sexual harassment will be promptly and thoroughly investigated and appropriate action will be taken by Ethan Allen Inc.. Any officer or employee who engages in or permits a sexually hostile work environment or retaliation against victims or witnesses to the sexually hostile environment, will be subject to appropriate disciplinary action, up to and including discharge. Any officer or employee who retaliates against any employee or former employee who has complained about or reported sexual harassment, will be subject to appropriate disciplinary action, up to and including discharge.

The importance of fulfilling this policy cannot be overemphasized. Any violation of the letter or spirit of this policy by any officer or employee of Ethan Allen Inc., will result in disciplinary action including, when appropriate, discharge.

**ATTACHMENT B**

**EEOC'S "FACTS ABOUT SEXUAL HARASSMENT" FLIER WITH "QUESTIONS AND ANSWERS ABOUT SEXUAL HARASSMENT"**



## **FACTS ABOUT SEXUAL HARASSMENT**

Sexual harassment is a form of sex discrimination that violates Title VII of the Civil Rights Act of 1964.

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitutes sexual harassment when submission to or rejection of this conduct explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Sexual harassment can occur in a variety of circumstances, including but not limited to the following:

- \* The victim as well as the harasser may be a woman or a man. The victim does not have to be of the opposite sex.
- \* The harasser can be the victim's supervisor, an agent of the employer, a supervisor in another area, a co-worker, or a non-employee.
- \* The victim does not have to be the person harassed but could be anyone affected by the offensive conduct.
- \* Unlawful sexual harassment may occur without economic injury to or discharge of the victim.
- \* The harasser's conduct must be unwelcome.

It is helpful for the victim to directly inform the harasser that the conduct is unwelcome and must stop. The victim should use any employer complaint mechanism or grievance system available.

When investigating allegations of sexual harassment, EEOC looks at the whole record: the circumstances, such as the nature of the sexual advances, and the context in which the alleged incidents occurred. A determination on the allegations is made from the facts on a case-by-case basis.

Prevention is the best tool to eliminate sexual harassment in the workplace. Employers are encouraged to take steps necessary to prevent sexual harassment from occurring. They should clearly communicate to employees that sexual harassment will not be tolerated. They can do so by establishing an effective complaint or grievance process and taking immediate and appropriate action when an employee complains.

(over)

## FILING A CHARGE

If you have been discriminated against on the basis of sex, you are entitled to a remedy that will place you in the position you would have been in if the discrimination had never occurred. You may be entitled to hiring, promotion, reinstatement, back pay and other remuneration. You may also be entitled to damages to compensate you for future pecuniary losses, mental anguish and inconvenience. Punitive damages may be available, as well, if an employer acted with malice or reckless indifference. You may also be entitled to attorney's fees.

Charges of sexual harassment may be filed at any field office of the U.S. Equal Employment Opportunity Commission. Field offices are located in 50 cities throughout the United States and are listed in most local telephone directories under U.S. Government. Information on all EEOC-enforced laws may be obtained by calling toll free on 800-669-EEOC. EEOC's toll free FDD number is 800-800-3302. This fact sheet is also available in alternate formats, upon request.



## **QUESTIONS AND ANSWERS ABOUT SEXUAL HARASSMENT**

### **IDENTIFYING SEXUAL HARASSMENT**

#### **WHAT IS SEXUAL HARASSMENT?**

Sexual harassment is a form of sex discrimination which is a violation of Title VII of the Civil Rights Act of 1964. The EEOC's guidelines define two types of sexual harassment: "quid pro quo" and "hostile environment."

#### **WHAT IS "QUID PRO QUO" SEXUAL HARASSMENT?**

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute "quid pro quo" sexual harassment when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, or (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual.

#### **WHAT IS "HOSTILE ENVIRONMENT" SEXUAL HARASSMENT?**

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute "hostile environment" sexual harassment when such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

#### **WHAT FACTORS DETERMINE WHETHER AN ENVIRONMENT IS "HOSTILE?"**

The central inquiry is whether the conduct "unreasonably interfered with an individual's work performance" or created "an intimidating, hostile, or offensive working environment." The EEOC will look at the following factors to determine whether an environment is hostile: (1) whether the conduct was verbal or physical or both; (2) how frequently it was repeated; (3) whether the conduct was hostile or patently offensive; (4) whether the alleged harasser was a co-worker or supervisor; (5) whether others joined in perpetrating the harassment; and (6) whether the harassment was directed at more than one individual. No one factor controls. An assessment is made based upon the totality of the circumstances.

#### **WHAT IS UNWELCOME SEXUAL CONDUCT?**

Sexual conduct becomes unlawful only when it is unwelcome. The challenged conduct must be unwelcome in the sense that the employee did not solicit or incite it, and in the sense that the employee regarded the conduct as undesirable or offensive.

## **IDENTIFYING SEXUAL HARASSMENT (cont.)**

### **HOW WILL THE EEOC DETERMINE WHETHER CONDUCT IS UNWELCOME?**

When confronted with conflicting evidence as to whether conduct was welcome, the EEOC will look at the record as a whole and at the totality of the circumstances, evaluating each situation on a case-by-case basis. The investigation should determine whether the victim's conduct was consistent, or inconsistent, with his/her assertion that the sexual conduct was unwelcome.

### **WHO CAN BE A VICTIM OF SEXUAL HARASSMENT?**

The victim may be a woman or a man. The victim does not have to be of the opposite sex. The victim does not have to be the person harassed but could be anyone affected by the offensive conduct.

### **WHO CAN BE A SEXUAL HARASSER?**

The harasser may be a woman or a man. He or she can be the victim's supervisor, an agent of the employer, a supervisor in another area, a co-worker, or a non-employee.

### **CAN ONE INCIDENT CONSTITUTE SEXUAL HARASSMENT?**

It depends. In "quid pro quo" cases, a single sexual advance may constitute harassment if it is linked to the granting or denial of employment or employment benefits. In contrast, unless the conduct is quite severe, a single incident or isolated incidents of offensive sexual conduct or remarks generally do not create a "hostile environment." A hostile environment claim usually requires a showing of a pattern of offensive conduct. However, a single, unusually severe incident of harassment may be sufficient to constitute a Title VII violation; the more severe the harassment, the less need to show a repetitive series of incidents. This is particularly true when the harassment is physical. For example, the EEOC will presume that the unwelcome, intentional touching of a charging party's intimate body areas is sufficiently offensive to alter the condition of his/her working environment and constitute a violation of Title VII.

### **CAN VERBAL REMARKS CONSTITUTE SEXUAL HARASSMENT?**

Yes. The EEOC will evaluate the totality of the circumstances to ascertain the nature, frequency, context, and intended target of the remarks. Relevant factors may include: (1) whether the remarks were hostile and derogatory; (2) whether the alleged harasser singled out the charging party; (3) whether the charging party participated in the exchange; and (4) the relationship between the charging party and the alleged harasser.

### **WHAT SHOULD A SEXUAL HARASSMENT VICTIM DO?**

The victim should directly inform the harasser that the conduct is unwelcome and must stop. It is important for the victim to communicate that the conduct is unwelcome, particularly when the alleged harasser may have some reason to believe that the advance may be welcomed. However, a victim of harassment need not always confront his/her harasser directly, so long as his/her conduct demonstrates that the harasser's behavior is unwelcome. The victim should also use any employer complaint mechanism or grievance system available. If these methods are ineffective, the victim should contact the EEOC as soon as possible (see Filing a Charge, below).

## **PREVENTING SEXUAL HARASSMENT**

### **WHAT SPECIFIC STEPS CAN AN EMPLOYER TAKE TO PREVENT SEXUAL HARASSMENT?**

Prevention is the best tool to eliminate sexual harassment in the workplace. Employers are encouraged to take all steps necessary to prevent sexual harassment from occurring. An effective preventive program should include an explicit policy against sexual harassment that is clearly and regularly communicated to employees and effectively implemented. The employer should affirmatively raise the subject with all supervisory and non-supervisory employees, express strong disapproval, and explain the sanctions for harassment.

### **SHOULD AN EMPLOYER HAVE A GRIEVANCE PROCEDURE?**

The employer should have a procedure for resolving sexual harassment complaints. The procedure should be designed to encourage victims of harassment to come forward and should not require a victim to complain first to an offending supervisor. They can do so by establishing an effective complaint or grievance process and taking immediate and appropriate action when an employee complains. It should ensure confidentiality as much as possible and provide effective remedies, including protection of victims and witnesses against retaliation.

### **WHAT IF AN EMPLOYER ASSERTS THAT IT HAS ELIMINATED THE HARASSMENT?**

When an employer asserts it has taken remedial action, the EEOC will investigate to determine whether the action was prompt, appropriate and effective. If the EEOC determines that the harassment has been eliminated, the victims made whole, and preventive measures instituted, the Commission normally will administratively close the charge because of the employers' prompt remedial action.

## **FILING A CHARGE**

### **HOW DO I FILE A CHARGE OF DISCRIMINATION?**

Charges of sex discrimination may be filed at any field office of the U.S. Equal Employment Opportunity Commission. Field Offices are located in 50 cities throughout the United States and are listed in most local telephone directories under U.S. Government. To reach the nearest EEOC field office, dial toll free on 800-669-4000. More information on sexual harassment and information on all EEOC-enforced laws may be obtained by calling toll free on 800-669-EEOC. EEOC's toll free TDD number is 800-800-3302.

### **WHAT ARE THE TIME LIMITS FOR FILING A CHARGE OF DISCRIMINATION?**

A charge of discrimination on the basis of sex must be filed with EEOC within 180 days of the alleged discriminatory act, or within 300 days, if there is a state or local fair employment practices agency that enforces a law prohibiting the same alleged discriminatory practice. However, to protect legal rights, it is recommended that EEOC be contacted promptly when discrimination is believed to have occurred.

## **FILING A CHARGE (cont.)**

### **WHAT TYPES OF EVIDENCE WILL THE EEOC LOOK AT TO DETERMINE WHETHER SEXUAL HARASSMENT HAS OCCURRED?**

When investigating allegations of sexual harassment, EEOC will look at the whole record: the circumstances, such as the nature of the sexual advances, and the context in which the alleged incidents occurred. The EEOC recognizes that sexual conduct may be private and unacknowledged, with no eyewitnesses. Corroborative evidence of any nature will be explored.

EEOC also will investigate whether any complaints or protests occurred. However, while a complaint or protest is helpful to a charging party's case, it is not a necessary element of the claim. Victims may fear repercussions from complaining about the harassment and such fear may explain a delay in opposing the conduct. If the victim failed to complain or delayed in complaining, the investigation must ascertain why.

### **IF I FILE A DISCRIMINATION CHARGE, WHAT TYPES OF RELIEF ARE AVAILABLE?**

If you have been discriminated against on the basis of sex, you are entitled to a remedy that will place you in the position you would have been in if the discrimination had never occurred. You may also be entitled to hiring, promotion, reinstatement, back pay and other remuneration. You may also be entitled to damages to compensate you for future pecuniary losses, mental anguish and inconvenience. Punitive damages may be available, as well, if an employer acted with malice or reckless indifference. You may also be entitled to attorney's fees.

### **CAN MY EMPLOYER RETALIATE AGAINST ME FOR FILING A CHARGE WITH EEOC?**

It is unlawful for an employer or other covered entity to retaliate against someone who files a charge of discrimination, participates in an investigation, or opposes discriminatory practices. Individuals who believe that they have been retaliated against should contact EEOC immediately. Even if an individual has already filed a charge of discrimination, he or she can file a new charge based on retaliation.

### **WHAT LAWS DOES EEOC ENFORCE?**

EEOC enforces Title VII of the Civil Rights Act of 1964, which prohibits employment discrimination based on race, color, religion, sex or national origin; the Age Discrimination in Employment Act; the Equal Pay Act; prohibitions against discrimination affecting individuals with disabilities in the federal government; sections of the Civil Rights Act of 1991; and Title I of the Americans with Disabilities Act, which prohibits discrimination against people with disabilities in the private sector and state and local governments.

**THE ABOVE INFORMATION IS INTENDED AS A GENERAL OVERVIEW OF SEXUAL HARASSMENT AND DOES NOT CARRY THE FORCE OF LEGAL OPINION.**



**ATTACHMENT C**

**RECEIPT FOR NOTICE TO ALL EMPLOYEES**

I received the Notice to All Employees and the EEOC's "Facts About Sexual Harassment" and "Questions and Answers About Sexual Harassment" brochure. I was given plenty of time to read it and to ask questions about it.

I was personally told that sexual harassment and retaliation is against the law, that Ethan Allen will not tolerate any type of sexual harassment and retaliation and that violation of this no-harassment rule will result in discipline, which may include the discharge of the offender. I have also been personally told that the no-harassment and no-retaliation rules apply to all Ethan Allen employees and officials.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Job Title, Gender

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

**ATTACHMENT D**

**Ethan Allen's Anti-retaliation Policy**

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**Ethan Allen, Inc.**  
**POLICY ON SEXUAL HARASSMENT**

The right to work in an environment free from unlawful discrimination has long been Ethan Allen Inc.'s policy. Sexual harassment, like all forms of prohibited discrimination, will not be sanctioned nor tolerated, whether such harassment be committed by members of supervision or by nonsupervisory employees.

Specifically, no supervisor shall threaten or insinuate, directly or indirectly, that an employee's refusal to submit to sexual advances will adversely affect the employee's continued employment, evaluation, wages, advancement, assigned duties or any other condition of employment or career development.

Other sexually harassing conduct in the workplace, whether committed by supervisors or nonsupervisory personnel, is also prohibited. This includes: offensive sexual flirtations, advances and propositions; repeated verbal abuse of a sexual nature; graphic verbal commentaries about an individual's body; sexually degrading words directed to an individual; and display of sexually suggestive objects or pictures. Further, such harassment could be deemed to occur should physical contact take place even if intended only in a jest.

The following criteria will be used by Ethan Allen Inc. in determining whether the conduct of an employee is considered sexual harassment:

1. Whether submission is made an explicit or implicit term or condition of employment;
2. Whether a positive or negative response by an employee results in any employment decision affecting that employee; and
3. Whether the conduct, purposefully or not, substantially interferes with the affected employee's job performance or creates a threatening work environment.

Managers and supervisors are responsible for any conduct toward their subordinates that can be defined as sexual harassment. Complaints from any employee must immediately be referred to the manager of your particular location, or the Vice President of Human Resources in Danbury, Connecticut. Every complaint will be thoroughly investigated. Where violations of Ethan Allen Inc.'s standards may be found, they will be dealt with using disciplinary action which may include termination of employment.

Retaliation against an individual who has complained about sexual harassment or retaliation against individuals for cooperating in an investigation of a sexual harassment complaint is unlawful and will not be tolerated by Ethan Allen Inc.

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

**This policy also governs employees of Ethan Allen Marketing Corporation, a wholly owned subsidiary of Ethan Allen Interiors, Inc.**

2/99

Corp.

### III. GUIDELINES

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- Employees may learn or become aware of information about Ethan Allen which, if known to the public, might affect the decision of a reasonable investor to buy, sell, or hold securities issued by Ethan Allen. Employees are prohibited from misusing such material inside information, prior to public disclosure, by purchasing or selling Ethan Allen's securities for their own benefit or for the benefit of members of their immediate family. In addition, employees are not to disclose inside information to anyone, either inside or outside the organization, who does not have a legitimate business need to know it.
- Any conflict or potential conflict of interest must be disclosed to Ethan Allen. Failure to do so will result in discipline, up to and including termination and/or other available legal remedies.

#### SEXUAL HARASSMENT

All employees of Ethan Allen have the right to work in an environment free of illegal discrimination, including freedom from sexual harassment. Officers and other supervisory personnel are responsible for assuring that no staff member encounters such conduct in any form from any employees or vendor of the Company.

All employees - including those in non-supervisory positions - are prohibited from engaging in any form of harassment and in particular, sexual harassment. The Company will take disciplinary action - up to and including discharge - against any employee who engages in such behavior.

### III. GUIDELINES

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Specifically, this policy protects you from threats or suggestions that your refusal to submit to sexual advances will affect your job. This includes continued employment, performance evaluation, pay, promotions, assigned duties or any other condition of employment or career development.

No form of harassment will be tolerated including harassment for the following reasons: race, color, national origin, religion, disability, pregnancy, age, military status, gender, marital status, sexual orientation, citizenship status or veteran's status.

The policy also prohibits offensive sexual flirtations, advances and propositions, repeated verbal abuse, graphic verbal commentaries, jokes and other similar, sexually degrading expressions. Also prohibited is physical contact of a sexual nature even if intended as a jest.

Ethan Allen will use the following criteria to determine if a violation of this policy has occurred.

- Whether submission to such conduct is made a term or condition of an individual's employment, either explicitly or implicitly.
- Whether submission to or rejection of such conduct is used as the basis for decisions affecting the individual's compensation, promotion, assignment or opportunities
- Whether such conduct has the purpose or effect of interfering with an individual's work performance, or of creating an intimidating, hostile, or offensive work environment.

### III. GUIDELINES

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If you feel you are a victim of sexual harassment, you should immediately notify your supervisor or the Human Resources Department. The Company expressly forbids any retaliatory action to be taken against you by anyone for reporting a perceived violation of this policy. Every complaint will be given prompt and serious attention, and a timely, objective, investigation will be conducted. The investigation will be kept as confidential as practicable. Should the investigation confirm any inappropriate conduct or harassment, Ethan Allen will take prompt remedial action.

#### DRUG TESTING/SCREENING

Ethan Allen aims to maintain a safe, healthy and productive work place free of illegal drugs and alcohol. The Company prohibits the possession, purchase, use, sale, or transfer of illegal drugs or alcohol on Ethan Allen property. It also prohibits employees from having either in their system while at work or while conducting Company business.

If the use of legally prescribed medication impairs the employee's judgment or diminishes an employee's ability to perform essential functions of the job, then the Company will review reasonable accommodation options that may be available.

The Company also reserves the right to screen employees, in accordance with applicable laws, post accident or for reasonable suspicion as business needs dictate.

Ethan Allen requires each person applying for employment to undergo drug screening. Those who refuse the screening - or fail it - are *not* hired.

### III. GUIDELINES

- Employees may learn or become aware of information about Ethan Allen which, if known to the public, might affect the decision of a reasonable investor to buy, sell, or hold securities issued by Ethan Allen. Employees are prohibited from misusing such material inside information, prior to public disclosure, by purchasing or selling Ethan Allen's securities for their own benefit or for the benefit of members of their immediate family. In addition, employees are not to disclose inside information to anyone, either inside or outside the organization, who does not have a legitimate business need to know it.
- Any conflict or potential conflict of interest must be disclosed to Ethan Allen. Failure to do so will result in discipline, up to and including termination and/or other available legal remedies.

#### SEXUAL HARASSMENT

All employees of Ethan Allen have the right to work in an environment free of illegal discrimination, including freedom from sexual harassment. Officers and other supervisory personnel are responsible for assuring that no staff member encounters such conduct in any form from any employees or vendor of the Company.

All employees - including those in non-supervisory positions - are prohibited from engaging in any form of harassment and in particular, sexual harassment. The Company will take disciplinary action - up to and including discharge - against any employee who engages in such behavior.

### III. GUIDELINES

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No form of harassment will be tolerated including harassment for the following reasons: race, color, national origin, religion, disability, pregnancy, age, military status, gender, marital status, sexual orientation, citizenship status or veteran's status.

The policy also prohibits offensive sexual flirtations, advances and propositions, repeated verbal abuse, graphic verbal commentaries, jokes and other similar, sexually degrading expressions. Also prohibited is physical contact of a sexual nature even if intended as a jest.

Ethan Allen will use the following criteria to determine if a violation of this policy has occurred.

- Whether submission to such conduct is made a term or condition of an individual's employment, either explicitly or implicitly.
- Whether submission to or rejection of such conduct is used as the basis for decisions affecting the individual's compensation, promotion, assignment or opportunities
- Whether such conduct has the purpose or effect of interfering with an individual's work performance, or of creating an intimidating, hostile or offensive work environment.

### III. GUIDELINES

---

If you feel you are a victim of sexual harassment, you should immediately notify your supervisor or the Human Resources Department. The Company expressly forbids any retaliatory action to be taken against you by anyone for reporting a perceived violation of this policy. Every complaint will be given prompt and serious attention, and a timely, objective, investigation will be conducted. The investigation will be kept as confidential as practicable. Should the investigation confirm any inappropriate conduct or harassment, Ethan Allen will take prompt remedial action.

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